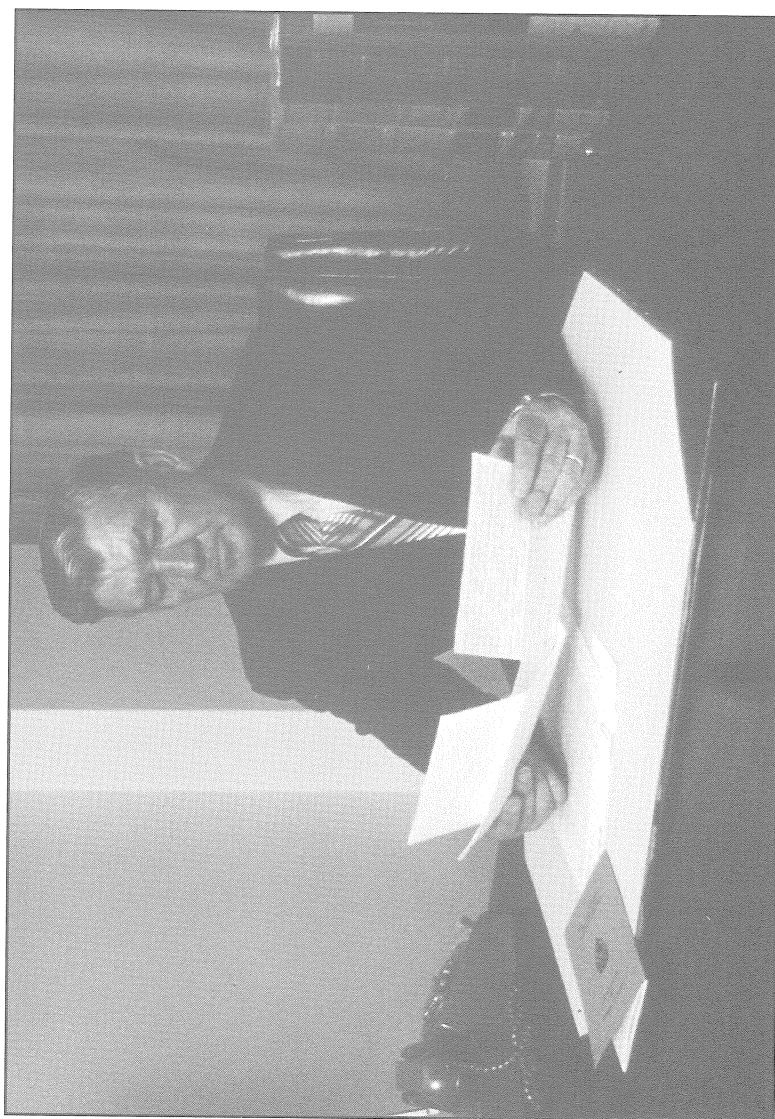
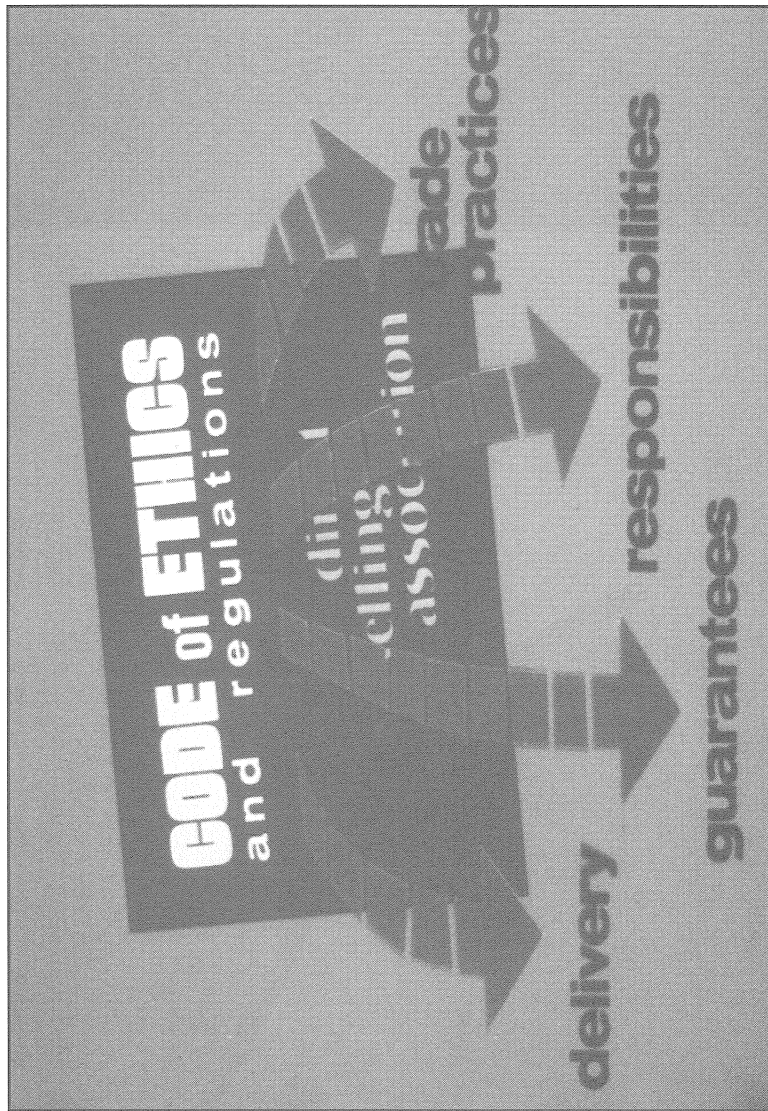




" ... These headlines promise a 'something extra' from personal service ..."



“The association retains an independent code administrator. He’s on call to handle all complaints ... and promptly conducts an investigation.” [Kenneth A. Roberts pictured]



"The code provides guidelines for salespeople as well."



“Today’s personal sellers are in step with the times and leading the march because they put you on a pedestal.”



This is the final slide in the show.

APPENDIX F

CODE OF ETHICS OF THE DIRECT SELLING ASSOCIATION (as amended through October 20, 1992)

PREAMBLE

The Direct Selling Association, recognizing that companies engaged in direct selling assume certain responsibilities toward consumers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies of the association will continue to adhere in the conduct of their business.

A. CODE OF CONDUCT

1. Deceptive or Unlawful Consumer Practices

No member company of the Association shall engage in any deceptive, unlawful, or unethical consumer or recruiting practice.

2. Products or Services

The offer of products or services for sale by member companies of the Association shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model, and availability.

3. Terms of the Sale

A written order or receipt shall be delivered to the customer at the time of sale, which sets forth in language that is clear and free of ambiguity:

A. All the terms and conditions of sale, with specification of the total amount the customer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;

B. The name and address of the salesperson or the member firm represented.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale

shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations.

The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with terms of all warranties and guarantees offered to consumers.

5. Pyramid Schemes

For purposes of this Code, pyramid or endless chain schemes shall be considered consumer transactions actionable under this Code. The Code Administrator shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

6. Inventory Repurchase

Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall clearly state, in its recruiting literature or contract with the independent salespeople, that the company will repurchase on reasonable commercial terms currently marketable inventory in the possession of that salesperson and purchased by that salesperson for resale prior to termination of the salesperson's business relationship with the company or its independent salespeople. For purposes of this Code, "reasonable commercial terms" shall include the repurchase of marketable inventory within 12 months from the salesperson's date of purchase at not less than 90% of the salesperson's original net cost less appropriate set-offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products' commercially reasonable usable or shelf-life period has passed; nor shall products be considered "currently marketable" if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

7. Earnings Representations

No member company shall misrepresent the actual or potential sales or earnings of its independent salespeople. Any earnings or sales representations that are made by member companies shall be based on documented facts.

B. RESPONSIBILITIES AND DUTIES

In the event any consumer shall complain that the salesperson or representative offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and nec-

essary under the circumstances to cause the redress of any wrongs which its investigation discloses to have been committed.

Member companies will be considered responsible for Code violations by their solicitors and representatives where the Administrator finds, after considering all the facts, that a violation of the Code has occurred and the member has either authorized such practice found to be violative, condoned it, or in any other way supported it. A member shall be considered responsible for a Code violation by its solicitors or representatives, although it had no knowledge of such violation, if the Administrator finds that the member was culpably negligent by failing to establish procedures whereby the member would be kept informed of the activity of its solicitors and representatives. For purposes of this Code, in the interest of fostering consumer protection, companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations and such action shall not be construed to be a waiver of the companies' right to raise such defense under any other circumstances.

The members subscribing to this Code recognize that its success will require diligence in creating an awareness among their employees and/or the independent wholesalers and retailers marketing the member's products or services of the member's obligations under the Code. No subscribing party shall in any way attempt to persuade, induce or coerce another party to breach this Code, and the subscribers hereto agree that the inducing of the breach of this Code is considered a violation of the Code.

C. ADMINISTRATION

1. Interpretation and Execution

The Board of Directors of the Direct Selling Association shall appoint a Code Administrator to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code.

The Administrator will be responsible directly and solely to the Board. The Board of Directors will establish all regulations necessary to administer the provisions of this Code.

2. Code Administrator

The Administrator shall be a person of recognized integrity, knowledgeable in the industry, and of a stature that will command respect by the industry and from the public. He shall appoint a staff adequate and competent to assist him in the discharge of his duties. During his

term of office, neither the Administrator nor any member of his staff shall be an officer, director, employee, or substantial stockholder in any member or affiliate of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall also have the same rights of indemnification as the Directors and Officers have under the bylaws of the Direct Selling Association.

The Administrator, in accordance with the regulations established by the Board of Directors as provided herein, shall hear and determine all charges against members subscribing hereto, affording such members or persons an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings, and shall at all times have the full cooperation of all members.

3. Procedure

The Administrator shall determine whether a violation of the Code has occurred in accordance with the regulations promulgated hereunder. The Administrator shall answer as promptly as possible all queries posed by members relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, new regulations, definitions, or other implementations to make the Code more effective. The administrator shall undertake through his office to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. REGULATIONS FOR ENFORCEMENT OF DSA CODE OF ETHICS

1. Receipt of Complaint

Upon receipt of a complaint from a bona fide consumer or where the Administrator has reason to believe that a member has violated the Code of Ethics, the Administrator shall forward a copy of the complaint, if any, to the accused member together with a letter notifying the member that a preliminary investigation of a specified possible violation pursuant to Section 3 is being conducted and requesting the member's cooperation in supplying necessary information, documentation and explanatory comment. If a written complaint is not the basis of the Administrator's investigation, then the Administrator shall provide written notice as to the basis of his reason to believe that a violation has occurred. Further, the Code Administrator shall honor any requests for confidential treatment of the identify of the complaining party made by that party.

2. Cooperation with the Code Administrator

In the event a member refuses to cooperate with the Administrator and refuses to supply necessary information, documentation and explanatory comment, the Administrator shall serve upon the member, by registered mail, a notice affording the member an opportunity to appear before the Board of Directors on a certain date to show cause why its membership in the Direct Selling Association should not be terminated. In the event that the member refuses to appear before the Board or refuses to comply with the Board's decision, the Board may terminate the offender's membership without further notice or proceedings.

3. Informal Investigation and Disposition Procedure

The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, further investigation and administrative action shall terminate and the complaining party shall be so notified.

The Administrator may, in his discretion, remedy an alleged Code violation through informal, oral and written communication with the accused member company.

If the Administrator determines that the allegation has sufficient merit, in that the apparent violations are of such a nature, scope or frequency so as to require remedial action pursuant to Part E and that the best interests of consumers, the Association and the direct selling industry require remedial action, he shall notify the member of his decision, the reasoning and facts which produced it, and the nature of the remedy he believes should be effected. The Administrator's notice shall offer the member an opportunity to voluntarily consent to accept the suggested remedies without the necessity of a Section 4 hearing. If the member desires to dispose of the matter in this informal manner it will, within 20 days, advise the Administrator, in writing, of its willingness to consent. The letter to the Administrator may state that the member's willingness does not constitute an admission or belief that the Code has been violated.

4. Formal Hearing Procedure

If a hearing is requested by an accused member or in the opinion of the Administrator, the informal procedure provided in Part D 3 above does not provide adequate remedy for the consumer, or, if in his opinion, the alleged violations of the Code are of such a nature, scope or frequency so as to support a reasonable belief by the Administrator that an evidentiary hearing is necessary to determine whether or not the allegations of Code misconduct warrant the implementation of the remedial sanctions of Part E, the Administrator may call for a formal hearing. The purpose of such a hearing is to gather evidence and take testimony surrounding the Code of Ethics complaint.

The Administrator shall notify, in writing, the accused member of his intent to hold a hear-